WELFARE REFORM CONFERENCE/Passage

SUBJECT: Conference report to accompany the Personal Responsibility and Work Opportunity Act of 1995 . . . H.R. 4. Agreeing to the conference report.

ACTION: CONFERENCE REPORT AGREED TO, 52-47

SYNOPSIS: The conference report to accompany H.R. 4, the Personal Responsibility and Work Opportunity Act of 1995, will combine current Aid to Families with Dependent Children (AFDC) programs into a single capped block grant program without an individual entitlement, will block grant child care programs, and will reform the Supplemental Security Income (SSI) and food stamp programs. Foster care payments, adoption maintenance payments, and children's disability and nutrition programs will remain Federal entitlements. The Congressional Budget Office estimates that the bill's total, 7-year budget effect will be to reduce the deficit by \$58 billion. Details include those provided below.

FAMILY ASSISTANCE BLOCK GRANTS

AFDC entitlement programs will be replaced with a capped block grant to the States and Indian tribes entitled "Temporary Assistance to Needy Families with Children" (TANF). Existing AFDC regulations will be eliminated, and States will be given broad discretion to determine eligibility and to design temporary welfare programs that move welfare recipients into the workforce, reduce illegitimacy, encourage 2-parent families, and end dependency.

State plans: to receive funds, a State will have to submit a plan every 2 years outlining the family assistance programs it intends to implement;

- a plan will include how a State intends to reduce out-of-wedlock pregnancy rates (particularly for teenagers), and how it intends to move welfare recipients into the workforce; and
- a plan will contain certain certifications, including that a State will operate: a child protection program; a child support enforcement program; and programs that ensure access to Indians.

Federal funding:

• A base amount of \$16.35 billion will be provided for each of the next 5 fiscal years (this amount, though slightly lower than

(See other side)

| YEAS (52) | | | NAYS (47) | | | NOT VOTING (0) | |
|---|---|---------------|----------------------|--|--|--|-----------------------------|
| Republicans Democrats | | Republicans D | | emocrats | Republicans | Democrats | |
| (51 or 96%) (1 or 2%) | | (2 or 4%) | (45 or 98%) | | (0) | (0) | |
| Abraham Ashcroft Bennett Bond Brown Burns Chafee Coats Cochran Cohen Coverdell Craig D'Amato DeWine Dole Domenici Faircloth Frist Gorton Gramm Grams Grassley Gregg Hatch Helms | Hutchison Inhofe Jeffords Kassebaum Kempthorne Kyl Lott Lugar Mack McCain McConnell Murkowski Nickles Pressler Roth Santorum Shelby Simpson Smith Snowe Specter Stevens Thomas Thompson Thurmond Warner | Baucus | Campbell Hatfield | Akaka Biden Bingaman Boxer Bradley Breaux Bryan Bumpers Byrd Conrad Daschle Dodd Dorgan Exon Feingold Feinstein Ford Glenn Graham Harkin Heflin Hollings | Inouye Johnston Kennedy Kerrey Kerry Kohl Lautenberg Leahy Levin Lieberman Mikulski Moseley-Braun Moynihan Murray Nunn Pell Pryor Reid Robb Rockefeller Sarbanes Simon Wellstone | EXPLANAT 1—Official I 2—Necessar 3—Illness 4—Other SYMBOLS: AY—Annou AN—Annou PY—Paired PN—Paired | nced Yea nced Nay Yea |

VOTE NO. 613 DECEMBER 22, 1995

the base amount in the Senate-passed bill, actually represents greater spending due to other changes in the conference report, particularly the elimination of the \$1 billion earmark from this base amount for child care and the corresponding increase in funding for the new child care block grant));

- a State will have the option of receiving the highest grant amount equal to any of the following: 1) its average AFDC spending for FYs 1992-1994; 2) its FY 1994 AFDC expenditures; or 3) its FY 1995 AFDC expenditures;
- an additional \$800 million will be distributed over FYs 1997-2000 to those States with higher than average growth and lower than average welfare spending (see vote Nos. 410 and 415 for related debate);
 - States will be able to borrow from a \$1.7 billion revolving fund that will be created;
 - \$15 million will be appropriated each year for States to complete required studies and demonstrations;
- a contingency fund not to exceed \$1 billion will make funds available to States over 7 years at the Medicaid matching rate using the criteria for extending emergency unemployment assistance and a 100-percent maintenance-of-effort requirement (see vote No. 442);
- a State that reduces its out-of-wedlock birthrate by 1 percent in a year without increasing its abortion rate will be entitled to a 5-percent grant increase, and if it achieves a 2 percent reduction it will be entitled to a 10-percent grant increase (see vote No. 423 for related debate); and
- a State will be permitted to transfer up to 30 percent of its TANF funding to the child protection block grant, the social services block grant (title XX), or the child care development block grant.

State funding (Maintenance of effort):

- in general, a State will have to continue welfare spending at 75 percent of its FY 1994 level;
- States that are the most successful in moving welfare recipients into the workforce will have this maintenance-of-effort requirement lowered by up to 8 percent; and
- Federal funding will be reduced to a State by the same amount that a State falls below its required maintenance-of-effort spending level.

Work requirements:

- a State will be required to have at least 15 percent of its caseload participating in work in FY 1996, increasing to 50 percent by FY 2000:
 - work requirements will be higher for 2-parent families, reaching 90 percent in FY 1999;
 - States will have pro rata reductions in their grants for failing to meet their minimum work participation rates;
- a State will not be required to include nonworking parents of children less than 12-months old in its work percentage calculations;
- separate work participation requirements and time limits will be set for each Indian tribe (tribes will receive assistance directly rather than through the States);
- eight categories of "work" will meet the participation requirements: 1) unsubsidized employment; 2) subsidized private sector employment; 3) subsidized public sector employment; 4) work experience if sufficient private sector employment is not available; 5) on-the-job training; 6) job search (for the first 4 weeks of receiving benefits only); 7) community service; and 8) vocational educational training (for no more than 12 months for any individual, and no more than 20 percent of the working caseload in a State);
- the minimum participation rate will be reduced for a State by the percentage, if any, that it has reduced the number of families from the previous year that receive assistance, except reductions required by Federal law or by changes in State eligibility rules will not be counted (the intention of this provision is to encourage States to pursue early intervention strategies to get people gainfully employed before they go on welfare); and
- a minimum of 20 hours of work per week by an individual will be needed to count that individual as working, increasing to 35 hours per week in FY 2002.

Time limits on benefits:

- benefits will not be given to an individual for more than 2 years in a row;
- benefits will not be given to an individual if the State determines that individual is "work ready;"
- benefits will not be given to an individual for more than 5 years over that individual's lifetime;
- the time an individual receives assistance as a minor child in a needy family will not be counted as part of the 5-year limit for that individual if that individual later seeks assistance as the head of a household with minor children; and
- A State will be permitted to exempt up to 15 percent of its average monthly caseload from the 5-year lifetime limitation (see vote No. 442).

Prohibitions and requirements:

- aid will only be given to families with minor children and to pregnant women;
- States will be required to deny cash benefits for children born into families that are already on welfare (family cap); vouchers may be provided for specific goods and services for such children; States will be allowed to adopt laws to override this family-cap requirement (see vote No. 416 for related debate);
 - aid will be denied or reduced for a family if an individual in that family is not cooperating in establishing, modifying, or

DECEMBER 22, 1995 VOTE NO. 613

enforcing a child support order;

• States will deny assistance on a pro rata basis (or will deny more at a State's option) to a family with an adult who refuses to work unless the adult is a single custodial parent with a child age 5 or under who can demonstrate to a State's satisfaction the unavailability of child care;

- grant funds will not be used to provide medical services (this prohibition will not include family planning services);
- States will be required to reduce pro rata a family's benefits if an individual in that family who is ready to work refuses to work; a State at its option may make larger reductions;
 - States will be allowed to terminate benefits for noncompliance;
 - States will be allowed to give cash benefits to minors who have out-of-wedlock births;
 - States will be allowed to sanction welfare recipients who test positive for drug use;
- States that provide assistance to unmarried minor parents will require those parents to live in an adult-supervised setting and to attend school or an equivalent training program;
- benefits will be denied for 10 years for any individual found to have fraudulently misrepresented residence in order to obtain assistance in 2 or more States;
- benefits will be denied to fugitive felons and probation and parole violators, and welfare agencies will provide information they have on fugitive felons and parole and probation violators to the police on request (see vote No. 402); and
- States will be able to deduct the amounts that they were defrauded by former welfare recipients from those former recipients'
 Federal Internal Revenue Service tax returns.

State penalties:

- intentional misuse of grant funds by a State in a year will result in a 5- percent decrease in that State's family assistance grant in the succeeding year;
- failure of a State to submit a required report in a year will result in a 4-percent decrease in that State's family assistance grant in the succeeding year, though that penalty will be rescinded if the State submits the required report at any time in that succeeding year:
- failure to meet the minimum required work participation rates in a year will result in a reduction of not more than 5 percent in that State's family assistance grant in the succeeding year;
- other penalties that will be imposed include the following: failure to participate in the income and eligibility verification system will result in a penalty of not more than 2 percent; failure to comply with paternity and child support requirements will result in a penalty of not more than 5 percent; failure to repay timely a federal loan fund will result in a penalty equal to the size of the loan plus interest;
- in imposing penalties, a State will not receive more than a 25-percent reduction in a quarterly installment on its family assistance grant; to the extent that this limit prevents recovery for penalties, those penalties will be carried forward; and
 - States will be required to spend additional sums on welfare equal to the amounts of any penalties imposed. Administration:
- administrative costs will be capped at 15 percent, though this cap will not include expenses for information technology and computer modernization that are needed due to requirements of this Act (for related debate see vote No. 402);
 - before assessing any penalty against a State under this Act, that State will be given 60 days to propose a corrective plan;
 - the Federal welfare bureaucracy will be reduced by 75 percent (see vote No. 441);
 - Federal funds will be spent by a State in the same manner it spends its own funds see vote No. 401) and
 - States will be authorized to provide services under this act through religious contractors (for related debate see vote No. 421). CONSOLIDATED CHILD CARE DEVELOPMENT BLOCK GRANT (CCDBG)
- \$18 billion will be provided over 7 years; \$11 billion of the amount will be mandatory spending and \$7 billion will be discretionary spending;
- total child care funding in the bill: exceeds the amount requested by the Clinton Administration by \$2.2 billion; exceeds the amount provided in the House-passed bill by \$3.3 billion; and exceeds the amount provided in the Senate-passed bill by \$1.1 billion;
- of the \$11 billion in mandatory spending, each State will receive the greater of the amount it received under the AFDC program in FY 1994 or the average it received over FYs 1992-1994;
- any remaining funds within the mandatory portion of the grant will be distributed based on the number of children in each State under age 13; to receive these funds, a State will also have to provide matching funds based on its FY 1995 Medicaid matching rate and will also have to have spent all of its FY 1994 AFDC child care funds;
- of the \$7 billion in discretionary spending, \$1 billion per year will be distributed to States based on the current formula for the Child Care and Development Block Grant (which is based on the number of poor children in a State as well as its per capita income);
- States will be required to spend at least 70 percent of their mandatory funding to provide child care for children in families that are receiving welfare, working their way off welfare, or at risk of becoming welfare dependent; a substantial portion of their discretionary funding is intended to be used for low-income working families who are not working their way off welfare or at risk of becoming welfare dependent;

VOTE NO. 613 DECEMBER 22, 1995

- States will not have to meet Federal health and safety standards in order to receive child care funds;
- States will have to certify that they have licensing standards for child care;
- States will spend no more than 5 percent of their allotments on administrative costs, and the quality set-aside requirement will be repealed; and
 - a State may transfer up to 30 percent of the funding for its family assistance block grant to its CCDBG grant.

CHILD PROTECTION BLOCK GRANT

• 18 Federal child welfare, foster care, and adoption assistance programs will be consolidated under 2 block grants: the Child Protection Block Grant and the Child and Family Services Block Grant; foster and adoption maintenance payments will remain Federal entitlements.

SUPPLEMENTAL SECURITY INCOME (SSI) (see also NONCITIZENS below)

- changes regarding drug and alcohol addiction and SSI were deleted because they were included in H.R. 2684, the Senior Citizens' Right to Work Act (a bill to reform the Social Security earnings test);
 - the individual functional assessment for children will be eliminated;
 - States that currently provide the SSI Supplement will not have to continue to do so; and
- a two-tier benefit structure for children will be established: those children with severe impairments will receive 100 percent of the adult benefit; and those children not requiring a high level of personal assistance will receive 75 percent of the adult benefit. FOOD STAMPS:
- States will be allowed to operate simplified programs using TANF rules and procedures in determining food stamp eligibility if those programs do not result in increased Federal costs;
- States will have the option of converting food stamp benefits to cash in the form of a wage subsidy; individuals' participation will be voluntary;
 - food stamp benefits will not be increased to compensate for a reduction in TANF benefits due to work violations;
 - benefits will be based on 100 percent of the Thrifty Food Plan (instead of 103 percent);
- a State will be allowed to receive funds under the Food Stamp Program as a block grant if 1) it has a statewide electronic benefit transfer system; 2) it has a payment error rate of less than 6 percent; or 3) it agrees to pay, using non-Federal sources, the difference between its error rate and a 6-percent error rate;
- a State that voluntarily withdraws or involuntarily loses its right to participate in the optional Food Stamp block grant program will become permanently ineligible for the program;
- for all food stamp recipients, States may permanently disqualify recipients who have been cited for at least three work violations;
- benefits will be denied to able-boded, non-elderly adults who do not have dependents, who are not pregnant, and who in the previous 12 months received benefits for 4 months or more while working less than 20 hours per week (for related debate, see vote No. 408); and
 - individuals will be sanctioned who voluntarily quit work or reduce the number of hours worked.

PATERNITY/CHILD SUPPORT:

- the current Federal Parent Locator Service will be expanded to include information from State registries so that child support orders can be matched with individual employment records of workers in arrears on their support payments; each State will be required to establish a Directory of New Hires; employers will be fined for failing to provide the required information for these directories;
- both arrearages in child support accrued before a custodial parent goes on welfare and after a custodial parent leaves welfare will be paid to that custodial parent prior to making payments to the State for assigned support; and
- States will be required to have laws allowing them to restrict or to revoke licenses (such as driver's licenses and professional licenses) of parents who do not pay their child support.

NONCITIZENS:

- legal immigrants currently in the country will be ineligible for only SSI and food stamps until they have attained citizenship or have worked long enough to qualify for Social Security (10 years), though States will have the option of restricting eligibility for TANF aid, Medicaid, and title XX social services;
- legal immigrants arriving after this bill's enactment will be ineligible for most means-tested benefits for 5 years following their arrival; after the 5-year ban, they will remain ineligible for SSI and food stamps until they become citizens, and will only be eligible for other means-tested benefits at a State's option;
- the income and assets of an immigrant's sponsor will be deemed the immigrant's income and assets for purposes of determining eligibility for means-tested programs until an immigrant becomes a citizen or has worked for 10 years in the United States (for related debate, see vote Nos. 427-428 and 433);
 - most welfare benefits will be denied for illegal aliens (see vote No. 424) and nonimmigrant aliens; and
- State authority to restrict benefits to noncitizens will not apply: to foster care or adoption assistance programs (unless the adoptive or foster parents are noncitizens); to emergency medical services; to disaster relief; to immunizations; to school lunch and

DECEMBER 22, 1995 VOTE NO. 613

child nutrition programs; or to education benefits, including college student loans and grants.

MISCELLANEOUS:

- housing assistance will be denied to fugitive felons and probation and parole violators;
- the Commissioner of Social Security will develop a prototype of a counterfeit-resistant Social Security card;
- it is the sense of the Senate that Congress should adopt enterprise zone legislation in the 104th Congress; and
- \$75 million per year will be provided for abstinence education.

Those favoring passage contended:

The conference report is much closer to the Senate-passed bill than it is to the House-passed bill. Further, in many areas in which it deviates from the provisions of the Senate-passed bill, it will not move toward the greater reforms contained in the House bill; instead, it will adopt policies which have generally been advanced by many Democrats. These facts make it somewhat surprising that most Senate Democrats have stated that they are opposed to this conference report. This opposition did not surface until after President Clinton indicated that he intended to veto the conference report. Three-fourths of Senate Democrats voted in favor of the bill that passed the Senate. At that time, those Senators voted on the merits of the bill as they saw them. The appearance, which we hope is not the reality, is that they are now putting their principles and opinions aside in deference to their party leader, the President. Three-fourths of Senate Democrats thought that this bill was right for America when it passed the Senate.

When this bill was before the Senate the two main sticking points were child care and the State maintenance-of-effort requirement. To gain the support of Democratic Senators for the passage of that bill we added \$3 billion in funding for child care, and we increased the maintenance-of-effort requirement to 80 percent because many Democrats on the floor said that the House would make the Senate compromise so we needed to start from a high negotiating point. Some Democrats made very clear that they would except a 75-percent level. Given these facts, we urge our colleagues to examine the conference report.

On child care, Democrats have focused myopically on one funding source for child care in this conference report and have said that the report will cut funding. However, if they were to look at the total amount of child care funding that will be provided, they would find that this report will provide: \$1.8 billion more than in current law; \$1.1 billion more than the Senate bill would have spent; \$2.2 billion more than President Clinton requested; and \$3.3 billion more than in the House-passed bill. Instead of compromising between the much lower House level and the Senate level, conferees added \$1.1 billion extra to the Senate level of funding. Democrats are kicking and screaming about a non-existent cut. We know they have a CBO study showing the "need" for more money, and we know that the Clinton political appointees over at HHS have slapped together a report calling for twice the amount the CBO has said is needed, but we also know that three out of four Democrats voted for less child care spending a few weeks ago when they passed this bill in the Senate.

On the maintenance-of-effort requirement, we think Senate conferees essentially prevailed. A 75-percent level is the level some Senate Democrats said they thought should emerge as the compromise from conference. We have done their bidding, yet still they complain. Frankly, we have problems with having any maintenance-of-effort requirement. If States succeed in moving most of their welfare recipients from welfare to work, as this bill supposedly is trying to accomplish, then why should we demand that they continue spending on welfare 75 percent of the amount they are currently spending? If a State, for example, moved 90 percent of its caseload from welfare to work, on whom would it spend that welfare money? Our colleagues seem less concerned with reforming welfare than with making sure it continues to exist at its present level.

All of the other objections to this conference report are similarly strained. The core of this bill is unchanged; the Senate bill and the House bill went to conference, and the Senate bill emerged with a few minor changes. The Senate bill and the conference report eliminate will the welfare entitlement and will provide a block grant to States; the Senate bill and the conference report will require able-bodied welfare recipients to work within 2 years or as soon as a State says they are ready to work; the Senate bill and the conference report will put a 5-year lifetime limit on receiving benefits; the Senate bill and the conference report will increase funding for child care and prevents a State from sanctioning a parent who can demonstrate that child care is not available; both have strong child support provisions; both require single teenage parents who have children out of wedlock to stay in school and to live under adult supervision; both reward States that reduce illegitimacy without increasing abortion; both allow States to exempt families with a child under the age of 1 from the work-participation requirements. When changes have been made, they have been toward the positions generally taken by Democrats--more money will be spent, and more Federal regulations will be imposed.

When the Senate passed its bill, the President promised to support it. We were not enthralled by that promise; we have heard promises from President Clinton before on this and other issues. Throughout 1992, then-candidate Clinton waged a campaign that was replete with promises of true welfare reform. Once he was elected, those promises, along with his numerous other promises such as his promise to enact a middle-class tax cut, went up in smoke. Instead of introducing a reform bill, we heard press reports that Administration officials privately called President Clinton's statements about reforming welfare "Bubba bait." Finally, in 1994, he sent a bill to Congress that was doomed to fail. It could not even gain the support of Democratic Members, who usually are quick to support any initiative from their party leader, and the bill died without even making it out of committee in either the Senate or the House. In 1995, Republicans took over Congress, and President Clinton, knowing that many Republicans had been elected on the

VOTE NO. 613 DECEMBER 22, 1995

pledge that they would pass true welfare reform, again talked about the importance of enacting bipartisan legislation. Besides his talking, he did not do anything until he made his promise to support the Senate-passed bill (which passed September 19).

He then became involved in the conference. He had the Department of Health and Human Services send a list of 88 recommendations to the conferees on October 26. Over a month later, conferees had reached complete agreement with the Administration on 60 percent and substantial agreement on 25 percent of those recommendations. Of the 14 major issues, 7 had been resolved in complete agreement and 7 had been resolved in substantial agreement. It appeared that the bill was moving toward enactment.

However, at the same time the Administration was busy manufacturing an excuse for opposing any conference report that emerged. On November 9 the Clinton Administration issued a report that allegedly revealed "new" information on the repercussions of the Senate-passed welfare reform bill that the President said he was not aware of when he promised to support it a month earlier. That report alleged that the Senate bill would increase the number of children living in poverty. The report was fraudulent, and the fraud was immediately discovered, not by Senator Dole or Speaker Gingrich, but by Senator Daschle, the Minority Leader. Senator Daschle denounced the President's report on the Senate floor, pointing out that its definition of children in poverty was not the official definition, but instead appeared to be a new definition that had just been made up for the occasion. He further pointed out that if one used the official definition for poverty the Senate bill did not increase the level of children's poverty at all, and that without the Senate bill, that level would rise from the current 9 million children to 12 million children by the year 2005.

Senator Daschle had it right then, but he and most of his Democratic colleagues do not seem to have it right anymore. They have mischaracterized this conference report as a radical departure from the Senate bill when it in fact has all the same basic elements, and has mostly changed to be more to the liking of Democrats. We are disturbed that they seem to have decided to move in lockstep with President Clinton against welfare reform.

We have seen no indication from the President that he is truly serious about reforming welfare. President Clinton has now promised a veto; we expect that he will finally keep a promise. If Democratic Members stay in lockstep with the President, they will be able to sustain that veto, and millions of Americans will be left trapped in the current failed welfare system. We are deeply disappointed that we are headed in this direction. We urge our Democratic colleagues to relent and join us in voting for this bill which they helped craft and pass just a few short weeks ago.

Those opposing passage contended:

When the Senate first began considering this bill it was completely unacceptable. After numerous amendments were adopted, it reached the level of bare acceptability. We therefore voted to pass it, with the hope that it would be improved in conference, and with the promise that if it came back without the improvements that had been made on the Senate floor we would withdraw our support. Unfortunately, it has come back from conference a much worse bill so we must vote against its adoption.

Our first, and largest, concern is with this bill's child care provisions. Every expert knows that the biggest obstacle in moving people, mostly mothers, from welfare to work is the lack of affordable child care. The Government has taken the traditional bread-winner role for these families; when the mothers go to work, who will take the mothers' role of caring for the children? The Federal Government needs to step in and take care of these children while their mothers work or their mothers will not be able to work. We agreed to passage of the Senate version of this bill after an amendment was passed increasing child care funding by \$3 billion. The conference report reduces that funding. In total, the CBO estimates that this bill will fall \$6 billion short of the amount needed to pay these women's child care bills when they leave welfare for work. Also, the important Senate provision that would have allowed mothers with children under the age of 6 to participate in work programs for 20 hours per week instead of 35 hours was removed. Further, current law child care health and safety laws that the Senate bill left intact will be struck down by this conference report. What do our colleagues suppose will happen if mothers are not given the child care support they need and if standards for child care centers are removed? We believe that mothers and fathers who are trying to work their way off welfare will be forced to abandon their children in unsafe centers.

We have numerous other concerns as well. For instance, this report will cap the costs to administer the foster care and adoption assistance programs of the Federal Government. Those costs represent a major part of the costs of those programs; capping them will result in their being run more poorly. Another problem is the work requirements are too weak--a person will not have to work for 2 years under this report, whereas the Senate-passed bill would have made people work in 3 months. In other ways, the work requirements are too tough--the Senate-passed bill allowed a State to exempt up to 20 percent of its caseload from the requirements for hardship reasons, but this report will allow a State to exempt only 15 percent. Still other objectionable features include that the conference report will sever the link between welfare and Medicaid eligibility, will create a two-tier SSI benefit structure for children, will lower the State maintenance-of-effort requirement, and will require States to impose a family cap unless they specifically pass laws to exempt themselves.

This conference report is significantly different, and significantly worse, than the bill that passed the Senate. Instead of helping people off of welfare it simply pushes them off. We do not consider this approach to be "reform." Therefore, we urge the rejection of the conference report.

DECEMBER 22, 1995 VOTE NO. 613